VIP Industries Limited
Q2 & H1FY24 Earnings Conference Call
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<u>MANAGEMENT</u>

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Moderator: Good evening and welcome to the Q2 and H1FY24 earnings Conference Call of VIP Industries Limited.

As a reminder all participant lines will be in the listen only mode and there will be an opportunity for you to ask questions after the presentation concludes should you need any assistance during the conference call, please signal an operator by pressing "*" and then "0" on your touch tone phone. Please note that this conference has been recorded.

I now hand over the conference over to Mr. Snighter Albuquerque from Adfactors PR-Investor Relations team. Thank you and over to you, Sir.

Snighter Albuquerque: Thanks you. Very good evening to everyone. We have with us the senior management, Ms. Radhika Piramal, Executive Vice Chairperson and Ms. Neetu Kashiramka – Managing Director designate and Chief Financial Officer.

Before we begin the conference call, I would like to mention that some of the statements made during the course of today's call may be forward-looking in nature, including those related to the future financials and operating performances, benefits and synergies of the company's strategy, future opportunities and growth of the market of the company services. Further, I would like to mention that some of the statements made in today's conference call may involve risks and uncertainties. Thank you and over to you Radhika.

Radhika Piramal: Thank you everybody for attending the call and making the time. I believe most of you all of you received the performance highlights that's been shared.

I would like to begin by saying it's not our best performance. Our MD & CFO Ms. Neetu Kashiramka will walk you through the financials shortly. I wanted to take the opportunity to just mention some highlights, which is primarily the gross margin, definitely the sales growth and the absolute profits were not in line with our own expectations, but the gross margins have been good and that gives us confidence because achieving gross margins to a good level takes longer structurally than addressing fixed costs which can be addressed over a period of time. Neetu will talk in much more detail about all of these.

I just wanted to take this opportunity to also talk about the change in senior leadership that we've had here in VIP. We had a quite a sudden resignation of Mr. Anindya Dutta post, which the board met and actually very quickly took a unanimous decision to promote Ms. Neetu Kashiramka from CFO to MD and since that decision, it's been about 60 days and we feel very confident in that decision.

So looking at what the sort of the way Neetu looks at the company, the future of the market, vendors, customers, etc. I feel as well as she's not an industry outsider, she's been in our company for many years and she's seen it through all the challenges we've had in the last two or three years have been taken so taking all that experience plus her natural energy and ambition, I personally am very excited about the future. So with that Neetu over to you.

Neetu Kashiramka: Good evening everyone and thanks for joining the call. We just announced our results and the presentation is already with you. I know the growths have not been great, but yes, this is what it is so quarter two revenue growth of 6%. However, volume growth is 10%, which is good. If I have to speak on the channel wise performance, our trade channel which comprises of GT, MT, Online has shown 13% growth so what does drag there's actually CSD, CPC and in the quarter one we spoke about the refreshment of portfolio for CSD's in future it will be good, but it's just taking some time for this refresh to convert into revenue. International also suffered mainly because of the demand slowdown across in the international markets which we have been hearing.

The supply chain in China has improved quite a lot and that's also impacting our international business. However, are concentrated efforts with BCG and along with the organization, the E-com channel is beginning to show some results.

This quarter we grew 50% on E-commerce, also the channel salience in E-commerce is 30%, which is close to the industry, so in the BBD season, the industry revenue for this category is around 35 and we are coming close there.

And our distribution expansion journey is on we added 57 towns in this quarter, we have opened 37 EBOs all through FR route. You all will soon see us in key airports as we have already signed up for six airports for exclusive Carlton stores. Aristocrat brand did better than all the other brands again. Skybag however is following up and its growth was 12% after a long time which is good growth which also shows that our new launches are picking up. Caprese also picked up in this quarter due to new launches and lot of activations which happened. Salience on premium brands for this quarter was better by 2% point as compared to Q1.

Soft luggage growth also picked up in quarter two mainly because of Bangladesh debacle in quarter one got sorted. Radhika also already mentioned about gross margins, but yes, we are happy that we have reached our target GC of 55% which we have been talking for last 2 quarters which gives us a leeway, now this 55% of gross margins, will helps us to look at growing revenue so I can then have more money to spend and grow business. That's something which we'll be doing going forward.

EBITDA improvement did not happen in this quarter mainly because of I would say three reasons one, we spent more on the e-commerce channel, the second there was an outflow of around Rs. 6 crore on the BCG and also there was increase in overall freight as well as there's some detention mainly because we are carrying high inventories. We had anticipated a very high growth in quarter one and quarter two for this year, which did not happen with that. We have high inventories and therefore to store that inventory, we have taken more warehouses.

So I think in one quarter or so, this unusual freight and warehousing cost should stabilize. Fundamental demand indicators like passenger traffic, hotel occupancy are all positive. In quarter three, there is a large wedding cohort and industries experts are talking about a great third quarter. I'm looking forward for that and hopefully I can have my fair share in the growth is what I'm looking forward. With that, I conclude and open for Q&A.

Moderator: Thank you very much. We will now begin the question and answer. The first question is from the line of Jinesh Joshi from Prabhudas Liladhar Private Limited. Please go ahead.

Jinesh Joshi: I have a question on our growth prospect vs competition. So if I look at Samsonite India, they have set a pretty decent growth guidance for about 40% in CY23 and about 30 to 35% in CY24, while our other listed peer also did pretty well in the last quarter by reporting about 45% growth in top line. But if I look at our performance, I mean in 1Q we were at about 7% growth and in 2Q we are at about 6% odd, so there has been a considerable underperformance on the top line side. So can you just highlight what has been the problem area for us? I mean, is it product, is it channel or pricing and how do we plan to address this concern basically?

Neetu Kashiramka: So you are absolutely right that we have not been able to capture the market growth. I would attribute this to our own internal problems and nothing else. However, I'm also confident that we should be able to get to the market growth immediately, but in one or two quarters. We need to do some work on the product, so I would say that yes, we did not do too much work on our products also some of the things which are for example international didn't do well because of the China coming back which is an external factor, but still 80% of the problems are internal and I'm looking forward to solve it, in next 3 to 4 months, we are having 26 new launches lined up. I'm also looking at premiumisation as a theme because India is growing towards premiumisation.

So with all this I am definitely confident the other piece which we have been talking a lot about our fill rates and supply chain overall, I think that is something which we are on the track to solve, basically once our fill rate improves I think we should be there. We're also looking at upping our hard luggage capacities because hard luggage demand is higher than what we can service at this point of time, and that's also converting into lots of revenue and which we are addressing immediately.

Jinesh Joshi: Sure. Just one follow up. You mentioned about upping your hard luggage capacity. I think in the past we had mentioned that we'll spend about Rs. 200 crore to expand our capacity. So where are we on that currently?

Neetu Kashiramka: So those that Rs. 200 crore capacity which we have talked about was actually soft luggage, one additional soft luggage plant in India and then Bangladesh. However, we are changing that and now all the additional capacity will be only on hard luggage and for that we need Rs. 50 crore. So soft luggage we don't need to increase at this point on time.

Jinesh Joshi: We got that one last question from my side. So if I look at in this quarter, it was at about Rs. 184 crore and in the previous quarter, which typically is a very strong quarter for us, we were at about Rs. 167 crore. Now I understand that in this quarter we had this Rs. 6 crore one of relating to payment to BCG and certain marketplace activations which we have done on the E-com channel. But beyond that, is there any one of which you would want to call out and also within this Rs. 184 crore if you can explicitly share what is the A&P spend which we have done in this quarter.

Neetu Kashiramka: So overall, A&P spend is around Rs. 56 crore, vis a vis Rs. 30 crore in the previous year so that's the incremental Rs. 26 crore. There is a Rs. 6 crore payment to BCG. There is an incremental Rs. 5 crore on warehousing. So overall Rs. 15 crore additional on freight and handling charges.

Jinesh Joshi: So Rs. 6 crore to BCG and Rs. 15 crore is something which is over and above that.

Neetu Kashiramka: Yeah, Rs. 15 crore actually additional freight and handling charges.

Moderator: The next question is from the line of Tejas Shah from Spark Capital. Please go ahead.

Tejas Shah: Neetu you spoke about margins, gross margin revival and that seems to be very healthy in this quarter. Was just curious to know which all factors would have contributed to the same?

Neetu Kashiramka: There was a better mix, 2% premium mix secondly the crude reduction what happened 6 months ago the full impact is visible in this quarter.

Tejas Shah: We see the tradeoff between gross margin and EBITDA it has not played out obviously you called out the one of which are there, but you also mentioned some E-commerce spends. So what will be that amount which will be part of other expense?

Neetu Kashiramnka So that is an additional incremental Rs. 23 crore.

Tejas Shah: This is in addition to the ad spend that we would have done, is it?

Neetu Kashiramka: This is basically the performance marketing for E-commerce and our salience of E-commerce revenue in this quarter was 31%.

Tejas Shah: And performance, marketing is not part of COGS. We actually put it as other expenses.

Neetu Kashiramka: Not part of COGS. And I understand some companies are doing that so maybe we'll look at something around that in the next quarter, but I was also just inquiring what the other companies do because they are spending 25% versus we are spending 18%.

Tejas Shah: And now, looking at this margins that we have achieved at gross level, can you give near to medium term guidance on EBITDA for the rest of the year and FY25 if you can give some visibility?

Neetu Kashiramka: So I can say that in the second-half EBITDA improvement should be around 5%.

Tejas Shah: 500 basis points versus first half.

Neetu Kashiramka: Yes.

Tejas Shah: OK. And last question, so looking at our inventory and then this is slightly for immediate the current quarter also if I have to kind of be for last 3-4 years also we have been and this is based on the commentaries that you have shared on the call we are either undershooting or overshooting our demand estimates and that's visible in volatility that we are seeing in inventory. Just wanted to know what are the steps that we are taking so that we are not that kind of missing the targets on either side and secondly. Looking at the inventory that we're entering with as on quarter end and then for the second-half, should we expect that there will be much more aggressive discounting and hence this gross margin might not be sustainable because inventory looks at least on balance sheet looks very high for the balance of the year.

Neetu Kashiramka: Yes, you're right. There are few steps which we have taken, in the past the forecasting was in the hands of the sales people, we have now changed it slightly by moderating at the HO ,now the forecasting has to be somebody in HO the marketing and sales together have to own it up so that's one change.

The second change is whatever inventories are there, we are definitely looking at reducing it, but not at deep discounts. The way we are looking at is the backpack season is approaching and a large part of our inventory is backpack and I may delay my new launches on backpack instead of doing a deep discount so that's what we are going to do.

And hard luggage I have no problems in the inventory, so the large inventory which we have is on the backpack and soft luggage upright in which there are no new fashionable designs. Well that's anyway simple so we can live with what we have. We are not producing to a large extent more on soft luggage at this point of time.

Moderator: The next question is from the line of Karan Khanna from Ambit Capital. Please go ahead.

Karan Khanna: So my first question, some of us have heard while managing director and your predecessor and the one prior to that as well. But clearly we haven't seen the number reflecting the sort of optimism in the commentary, so if you could help us understand last 2-2 and half months since you've taken over as the Managing Director designate, what initiatives have you taken internally which should give us confidence that the narrative around market share improvement and margin improvement in the next one to two years, that's question #1.

Radhika Piramal: I think Neetu already in this call laid out her immediate focus areas. I think we have been saying the same things over many quarters now is the time for actions more than words. So I don't think there's anything I could say more on this topic that would show that confidence. I think the thing that will give the confidence is performance over the coming quarters, so we look forward to that and all I can say is that many of you are investment professionals. Some of you have known Neetu for many years. So everybody can make their own view as to the likelihood of her success personally, I remain extremely confident.

Karan Khanna: This is follow up, Neetu you talk about the gross margin. So like you mentioned that just to understand despite higher salience of the value portfolio, the gross margins were at 55% and now which focus on the premium segment and improving the product portfolio especially on the premium side? How should one think about the gross margins going forward? Is this further room for improvement or you think that 55% is the number you're comfortable?

Neetu Kashiramka: I think 55% number I'm comfortable with and if there's any additional thing then I may look at using that money to revive growth.

Karan Khanna: Sure. And lastly just to understand more on the CapEx plan, you did indicate in the first quarter earnings call that you have delayed your two billion CapEx plan. So any update on that what would be the CapEx numbers for FY24 and FY25?

Neetu Kashiramka: Going forward, we have plans to spend Rs. 50 crore mainly on the hard luggage capacity expansion.

Karan Khanna: This is for FY24.

Neetu Kashiramka: I think Rs. 25- Rs. 30 crore we have already spent. For the year it will be around Rs. 80 – Rs. 85 crore.

Moderator: The next question is from the line of Lokesh Maru from Nippon India Mutual Fund. Please go ahead.

Lokesh: My question is mainly on gross margin front. So if we adjust the Rs. 23 crore spend on performance marketing net I think the gross margin would be 51%, right? So again, if your account for the lower cost inventory or like you said, the crude price correction reflecting this time. I just wanted to understand if this is the crude has been only rising after that what we saw two quarters back right? So do you expect 51% to continue or do you expect this to correct to 49% - 50% on a sustainable basis after accounting for the performance marketing cost.

Neetu Kashiramka: I think it should be in the range of 53% - 55% also this performance marketing e-commerce quarter is heavy in Q2. It's not every quarter our salience for e-commerce is going to be 30 plus so from that point of view, 53% to 55% is the range in which our gross margin will play out.

Lokesh: OK. So basically net of it, you are expecting 200 basis points of an improvement in subsequent quarters, right?

Neetu Kashiramka: Yes. They're also rising as more premiums going forward.

Lokesh: Just one more question on that. When you look at your gross margins channel wise, is there any difference in e-commerce and traditional channels?

Neetu Kashiramka: Our gross margins are highest in the retail channel followed by GT. MT and E-commerce is similar which is on the lower end.

Moderator: The next question is from the line of Jigar Jani from B&K Securities. Please go ahead.

Jigar Jani: So firstly, when you say Rs. 56 crore of A&C spends, this performance marketing is over and above that right?

Neetu Kashiramka: Part of this amount

Jigar Jani: Okay, and these Rs. 200 crore CapEx, which was expected on soft luggage that is now put on hold?

Neetu Kashiramka: It’s put on hold.

Jigar Jani: OK. And lastly, there have been news reports of the company being on the block for sale. Could you comment on that, whether there is actually some plan going on that front?

Radhika Piramal: Yeah, Radhika here, let me answer that question. My father has, over the years, decades even received many different offers from different PE funds. It's a continuous process, it keeps happening. I understand that this rumour is particularly strong at this time, and it is possible that ultimately the sale might happen in the future. But I can tell you it's not happening today not happening tomorrow and Neetu is fully focused on improving the performance of this company for short term, medium term and long term. She has a long term plan, we have a long term vision so there's no question of Neetu and myself being distracted by any such rumours.

Jigar Jani: Just last one on the other expenses side. Would it be fair to assume that this performance marketing would be a one of and obviously some moderation in the warehousing and freight cost could also happen? So probably Rs. 160 odd crore would be the numbers we'll be looking at over the next couple of quarters.

Neetu Kashiramka: Yeah. So as a percentage of revenue, I would say it should keep coming down.

Moderator: The next question is from the line of Shobhit Singal from Anand Rathi. Please go ahead.

Shobhit Singal: Thank you. So how much growth are we expecting in second-half? And how many stores we have opened in first half and in second-half, how many we are expecting to open?

Radhika Piramal: Let me just answer on the growth question. I think it is too early to give guidance at this time. Neetu has just taken charge in a new role very recently. So at this time she will not be able to share any specific numbers after one or two quarters, she might be able to give guidance for the following fiscal year.

Neetu Kashiramka: 63 stores in first half and we intend to open around more 40 stores so maybe additional stores this year is going to be 100.

Shobhit Singal: And these are all from franchise, right?

Neetu Kashiramka: They're all, maybe 5-6 will be our own.

Moderator: The next question is from the line of Akhil Parikh from Centrum Broking. Please go ahead.

Akhil Parikh: My first question is on the. Have we taken any price cut in Skybag with our channel, on the E-commerce side were indicating that the pricing of Skybag were trending in Line with Safari and Kamiliant, which is a value brand for Samsonite and has that led to good growth in E-commerce.

Neetu Kashiramka: I don't think we have reduced our prices in Skybag. However, there are one or two SMUs which are products specifically made for e-commerce which is not same as Safari, but however as in Safari the highest end product can match with Skybag lower end product.

Akhil Parikh: So it's only specific to SKUs

Neetu Kashiramka: Yes specific SKU which is not there in other than e-commerce.

Akhil Parikh: And the second question is on the inorganic growth front. Are we exploring any of the D2C brands to grow at a faster pace in the premium space?

Neetu Kashiramka: I cannot talk on this question, at this point of time.

Akhil Parikh: But are we open for acquiring outside brand or we still want to focus more on the organic growth.

Neetu Kashiramka: We keep evaluating both.

Akhil Parikh: In the third and last question, I mean if maybe some highlighting, are there a specific reason for constant change in the top level management? I think now this is second instance in the last 4-5 years we have seen an exit. So if you can throw some light.

Radhika Piramal: No, I don't think there's any big reason, definitely luggage industry for us as being volatile because COVID happened, that was a big shock and there can be many high performing individuals don't want to go through this down and up of it was a big setback right in 2020.

Sudeep Ghosh has been with our company in 2013 and in 2020, due to no fault of his, the revenue was back to pretty much when he joined the company so that can be tough. In terms of frequent change I think talking about the past doesn't help.

Let's talk about the future. In terms of the future I think Neetu has got a good grasp of the company, she has seen it at its worst. She joined our company in Feb 2020, so she went through the whole pandemic and then with her business oriented approach as a CFO, she understands everything and I think has had a view on what immediate actions to take.

And I think you should see a better picture of play out in the next couple of quarters. But as I said before, we fully aware that we have said this before. So let's first see the performance.

Moderator: The next question is from the line of Nihal Mahesh Jham from Nuvama. Please go ahead.

Nihal: One question from my side, Neetu ma'am mentioned about the gross margin profile for the e-commerce channel. Now if you look at the amount you spent on performance marketing to get a certain level of scales, which is impressive, how does the EBITDA or the contribution margin of this channel compare versus the other channels.

Neetu Kashiramka: So there is a performance marketing spend which happens in E-commerce. There are 2000 people in modern trade channel for us. So if I have to compare that margin for both the channel, it will be different by 2-3 % only. Not much gap, as I said, in modern trade I have 2000 people, so the margin of modern trade is equal to E-commerce.

Nihal: So you are saying the contribution margin for modern trade is same as E-commerce.

Neetu Kashiramka: Yes.

Nihal: And even in terms of the inventory or any of the working capital, is it similar versus the other channel? But I'm just trying to understand is that say as you try targeting scaling this channel up further? How different will say our performance look in the future? Maybe our margins would go down slightly, so because it's slightly lower margin business, how will the working capital move in that situation?

Neetu Kashiramka: Working capital has no major impact because in fact modern trade pays later than E-commerce. We can't compare it with general trade and retail trade. It has to be compared with modern trade. The modern trade versus e-commerce working capitals are similar.

Nihal: For that and if you had to just compare, say the margins of EBOs and GT versus e-com how different would that be?

Neetu Kashiramka: It will be around 10% different.

Nihal: Understood that. So from our side this is a channel that we still believe in as it scales up, it will incrementally be positive.

Neetu Kashiramka: Yes, definitely. Today also it is positive only.

Moderator: The next question is from the line of Sayan Das Sharma from Bajaj Asset Management Limited. Please go ahead.

Sayan Das: Couple of questions from first the 6% top line growth, right? Can you give us some background of how the industry has done this Q2?

Neetu Kashiramka: Industry has still grown around 20% to 25%.

Sayan Das: OK. And my second question is on the product mix. So basically, if I look at the last few quarters, the value end of the market was doing better. We have also seen Aristocrat and Alfa do better than your VIP and Carlton, but this quarter like you highlighted, your premium products have grown gained fairly by 2%. So is there a trend reversal that premium is now coming back and the value growth that we saw a lot of shift from unorganized that kind stopped.

Neetu Kashiramka: We do what we want to do, so basically my focus going forward will be to capitalize on our brand equity on our great brands like VIP and Skybag, and Carlton. India is moving towards premiumisation is another theory. As we move in the second-half I'm actually targeting a much better premium mix, I have the six luggage launches lined up between February and March, which are lightweight, I have products which are getting launched in luxury, I have products which are getting launched in innovation and all this will be in Skype Bag, VIP and Carlton.

Sayan Das: That's interesting actually, because if I'm not wrong, the perception was that this industry has a large unorganized still presence and there's a shift steadily towards branded. And that first comes to the value space where we were traditionally a little weaker. That strategy is not no longer there, right? Because I think one of the tenants that BCG was also helping us explore was that value segment and ecommerce all that right, so slightly surprising to.

Neetu Kashiramka: So that keeps continuing. I would say that instead of focusing only on Aristocrat, we need to focus on everything and that's going to be the strategy. Today India is moving towards premiumisation and therefore VIP needs to capture that and this organization has always been strong in premium and therefore we know this better than anybody else.

Moderator: Thank you. The next question is from the line of Akhil Parekh from Centrum Broking. Please go ahead.

Akhil Parekh: My first question is slightly broader question. If you look at last I would say 3-4 years, the onset of pandemic and till date like our growth rate has been slower as compared to our peers. And if you look at VIP, it's a Pan India brand. We have brands across price points and we have, good recall value. If I look at it still, our growth has not been satisfactory. I'm not just talking about the last two quarters, but overall last 3-4 years and I'm sure a lot of brainstorming would have happened internally in the team. So what would the key challenges basically right? I mean, is it at channel front, is it at the product front or is it at the sales team level where we are not able to capture the growth which has come especially after the pandemic.

Radhika Piramal: There's two really broad reasons. The first one is that we made the decision during COVID to use that opportunity very low sales to change our whole supply chain and the back end process. We moved out of China and relied totally on Bangladesh which we maintain an excellent longer term strategy medium term strategy, but in terms of delivery, Bangladesh's delivery to VIP across all brands, when the pandemic ended and we reopened there was delay. Bangladesh's ability to make the premium products or not what we expected and that has led to adverse brand mix that is not helping VIP given its overhead structure. It's important that we sell a certain number of premium or mid premium brands. So that is one whole chunk.

The second piece of course is the management issues. We all know that a frequent change of managing director does not lead to like longer term strategy, execution, morale etc. We all understand that and we have lived through the past and we are looking forward to a much steadier and stable leadership going forward.

Akhil Parekh: So I mean, growth in the mass segment is not much to do with the macro situation, but you are saying VIP didn't have required infrastructure to manufacture the premium product especially during last two years and that's why we have not grown in the premium segment. Is that correct?

Radhika Piramal: It's to do with Bangladeshi's ability to match up to Chinese manufacturing excellence and China has been doing this now for 30 years. We tried to do it in one year.

Akhil Parekh: And second last question on the unorganized segment which we have seen in last three years has taken a big dent. Have we seen any changes like are the Chinese products special on the soft luggage products coming back into India or on the situation remains strong for organized?

Radhika Piramal: It is stable. They are not becoming stronger. It remains so maybe the shift which we have seen in last three years about unorganized to organized may not happen so steep now but it's not deteriorating.

Moderator: Thank you. The next question is from the line of Pranay Shah from Anand Rathi. Please go ahead.

Pranay Shah: I just have one question on the capacity. So what is our current count on the capacity front and after we invest on our capacity front, what would be the end number looking like?

Neetu Kashiramka: Capacity is around 17 lac pieces. Immediately we are taking it to 20 lac.

Moderator: Thank you. The next question is from the line of Jigar Jani from B&K Securities. Please go ahead.

Jigar Jani: So just wanted to check what was the performance marketing spend in the Q1.

Neetu Kashiramka: Just give me a moment. I'll give you. For first quarter its Rs. 12 crore.

Jigar Jani: Rs. 12 crore OK. And the guidance of 53% to 55% gross margins, this is excluding the performance marketing spend.

Neetu Kashiramka: This is as its stands.

Moderator: The next question is from the line of Devesh from Magenta. Please go ahead.

Devesh: My question is more around Caprese. We recently read in the news that Lavie has raised some private equity capital and they have high sales purely in women's category whereas Caprese as a brand has been around Rs. 80 crore or so for the last four or five years, there's not been any significant growth in that category either. So what is the overall brand strategy to grow Caprese and capture more market share in this vertical?

Neetu Kashiramka: We have done lot of work on the product at this point of time, we are also looking at increasing up presence and visibility on Caprese through two ways. One, all our VIP stores will be having Caprese the second, all are exclusive Carlton stores are having one side wall on Caprese and the third one is exclusive kiosk for Caprese. So this year we'll be having around 50 Caprese kiosk 10 are already up and running. So we definitely look forward for a high growth in Caprese starting from next year onwards a lot of base work has already happened.

Moderator: We have no further questions, I now hand over the conference over to Ms. Neetu Kashiramka from VIP Industries Limited for the closing comments. Please go ahead ma'am.

Neetu Kashiramka: OK. Thanks for joining the call. I know we have been showing subdued results for some time I will not give you big promises, however I can only say that I work hard and let's see the results together and thank you.

Moderator: Thank you very much. On behalf of VIP Industries Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines.